



July 9, 2019

The Honorable Frank Pallone
Chairman
House Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Mike Doyle
Chairman
House Subcommittee on Communications
and Technology
306 Cannon House Office Building
Washington, DC 20515

The Honorable Greg Walden
Ranking Member
House Committee on Energy and Commerce
2322 Rayburn House Office Building
Washington, DC 20515

The Honorable Robert Latta
Ranking Member
House Subcommittee on Communications Technology
and Technology
2467 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Pallone, Ranking Member Walden, Chairman Doyle, and Ranking Member Latta:

We, the undersigned, write to express our opposition to the Eshoo amendment that may be offered to H.R. 3375, the Stopping Bad Robocalls Act. While we support efforts to curb telemarketing and prevent harassing calls to consumers, the amendment is counter to the intent of the underlying bill. In fact, it would repeal an important provision included in the Bipartisan Budget Act of 2015 that allows the federal government and its partners to use advanced, efficient technology to call or text cell phones solely to service loans guaranteed or owned by the United States where an existing customer relationship exists and the contact will help the borrower.

The Eshoo amendment would prevent federal contractors from effectively contacting and communicating with those student and parent borrowers who are struggling in order to prevent negative consequences to students and their families. This includes helping them to navigate the often-confusing array of student loan repayment options and working to provide tailored solutions that prevent unnecessary delinquencies and defaults. Federal student loan organizations have reported that, when they can speak to a borrower, nine out of ten times they can resolve his or her problem. **But the Eshoo amendment would severely restrict the ability of these organizations to help students enroll in income-based repayment plans and other helpful tools to keep them out of delinquency and default. This would hurt struggling borrowers who need more help – not less – and is counter to recent efforts in Congress to provide more support to at-risk borrowers.**

Four years ago, Congress – in a bipartisan manner with the support of the Obama Administration – actively chose to amend the Telephone Consumer Protection Act to allow federal student loan organizations to use automatic dialing systems and prerecorded voice and text messages when contacting borrowers on their wireless phones. The language is not a “loophole,” and instead is a well-intended and thought out approach to improve borrower communication. At the time, both the House and Senate agreed that federal contractors must be able to contact borrowers to educate, inform, and guide them through the complicated world of federal loan repayment, which is essential to preventing delinquency and default. Approximately 90 percent of all outstanding student loans have been made under the federal student loan program. These programs – unlike almost any other consumer credit product - have unique features that can help most borrowers avoid default such as enrollment in multiple income-driven repayment (IDR) plans, deferment and forbearance, and, for those that do default, rehabilitation where they can repair their credit reports. But many borrowers are not aware of these important options without effective communication from their federal student loan servicer. Borrowers who are successfully enrolled in an IDR plan also benefit from current law as they are required to apply for a plan each year to stay enrolled in the program. If they fail to recertify their income, they could face the potential negative consequences of skyrocketing monthly payments, missed opportunities for forbearance or deferment, and even the possibility of delinquency and default.

Federal student loan organizations are already prohibited from making any telemarketing calls as part of their servicing activities; all of their telephone contacts are of an informational, non-marketing nature. These servicers must be able to communicate by telephone with their customers in order to be effective, which means, for most borrowers, by cell phone. Where they are permitted to do so under the law, the servicers use calls, text, and prerecorded voice messages and other automated technologies to reach their customers for many reasons, including:

- Responding to customer inquiries received by mail, email, or phone.
- Contacting borrowers when mail is returned undelivered.
- Notifying borrowers that their grace period after leaving or completing college is ending, that their student loans are about to go into repayment, the amount of their payment, the date their payment is due, and that there are options if they feel they will be unable to make the required payment.
- Notifying borrowers that a period of deferment or forbearance on their student loans is ending, that they are about to re-enter repayment status, the amount of their payment, the date their payment is due, and that there are options if they feel they will be unable to make the required payment.
- Notifying borrowers that their annual period for one of the federal IDR plans (i.e. Income-Based Repayment, Income Contingent Repayment, Pay As You Earn, or Revised Pay As You Earn) is ending, that they must requalify in order to remain eligible, and how to go about requalifying.

- Reminding borrowers that their payment is due and the amount of their payment.
- Letting borrowers know that a payment is late or has not been received.
- Making due diligence telephone contacts to delinquent borrowers as required under the Higher Education Act, and its implementing regulations.
- Letting borrowers know that their monthly payment amount is changing (for example, borrowers with variable rate loans or graduated repayment plans).
- Informing defaulted borrowers of their available options, which include loan consolidation and loan rehabilitation.
- For borrowers choosing loan consolidation, following up to ensure all information is provided.
- For borrowers choosing loan rehabilitation, reminding borrowers over the course of the rehabilitation period of the need to continue to submit timely payments.
- Notifying borrowers that their annual student loan interest statement (Internal Revenue Service Form 1098-E) is available on the servicer's website.

With federal student loan debt totaling almost \$1.5 trillion, and surpassing auto loan and credit card debt, Congress should continue to support efforts that allow the federal government and its partners to reach out to student and parent borrowers to provide important information on how to effectively repay their loans, reduce delinquencies, avert defaults, and protect a borrower's credit and reduce their costs. Our organizations commend the committee for its efforts to crack down on illegal robocalls. However, the Eshoo amendment will negatively impact consumers by imposing barriers that prevent federal student loan organizations from assisting struggling student loan borrowers, putting them at greater risk for default and imposing greater risk to taxpayers.

We urge the committee to preserve this important provision in current law and oppose the Eshoo amendment. If you have any questions or need additional information, please feel free to contact us.

Sincerely,



Harrison M. Wadsworth III
Executive Director
Coalition of Higher Education Assistance Organizations (COHEAO)



Debra J. Chromy, Ed.D.
President
Education Finance Council (EFC)



Susan Whealler Johnston
President and Chief Executive Officer
National Association of College and University Business Officers (NACUBO)



Justin Draeger
President and Chief Executive Officer
National Association of Student Financial Aid Administrators (NASFAA)



James P. Bergeron
President
National Council of Higher Education Resources (NCHER)



Scott Buchanan
Executive Director
Student Loan Servicing Alliance (SLSA)



Michael L. Lomax, Ph.D.
President and Chief Executive Officer
UNCF